R4105-12B

Nonprofit Org.
U.S. Postage
PAID
New York, N.Y.
Permit No. 9819

THE CONFERENCE BOARD, INC.
845 Third Avenue
New York, N.Y. 10022

STATISTICAL REFERENCE INDEX
ACQUISITIONS
7101 WISCONSIN AVE., SUITE 900
WASHINGTON, D. C. 20014

Manufacturing Investment Statistics

Capital Appropriations

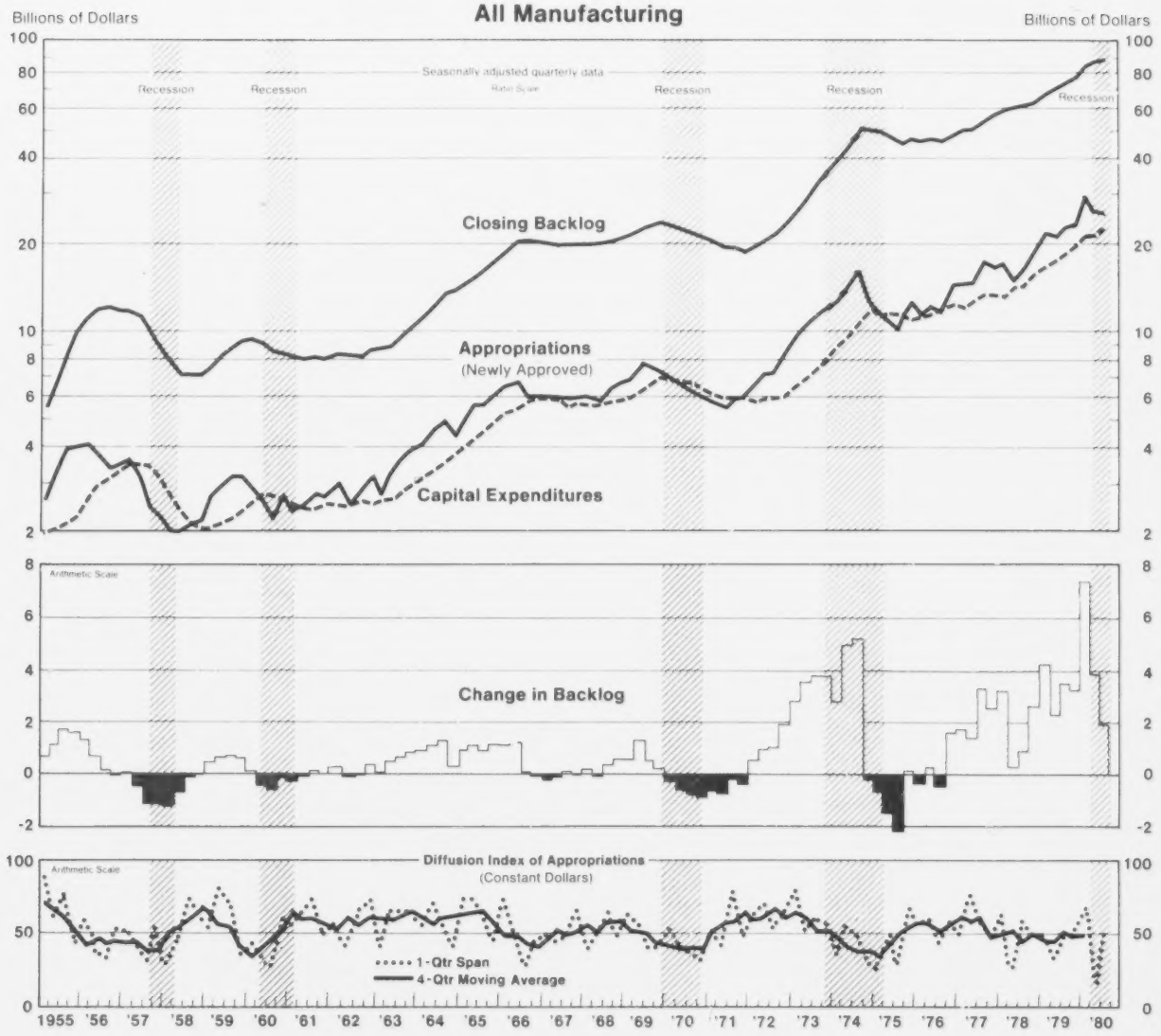
Third Quarter 1980

and

Capital Investment and Supply Conditions

October 1980

CAPITAL APPROPRIATIONS IN RECESSION AND EXPANSION



Survey conducted by Margaret M. Nichols
Business Conditions Analysis Department—Lora S. Collins, Director

© 1980 THE CONFERENCE BOARD, INC.
845 Third Avenue, New York, N.Y. 10022
(212) 759-0900 Telex 234465 and 237282

THE CONFERENCE BOARD IN CANADA
25 McArthur Road
Ottawa, Ontario, K1L-6R3, Canada
(613) 746-1261

THE CONFERENCE BOARD IN EUROPE
Avenue Louise, 326 - Bte 48
B-1050 Brussels, Belgium
(02) 640 62 40 Telex 63635

The Conference Board

Quarterly Survey of Capital Appropriations

Third Quarter 1980

Capital appropriations of the nation's 1,000 largest manufacturers fell 3.6% in the third quarter of 1980. Appropriations had declined 12.3% in the second quarter, but risen a huge 26.7% in the first. Capital spending rose 6.9% in the third quarter, following no change in the second and an 8.4% rise in the first. The huge petroleum industry recorded a modest decline in appropriations in the third quarter, following two quarters of big gains; petroleum industry spending rose 13.9%. Excluding petroleum, manufacturers' appropriations fell only 1.6% in the third quarter while their spending rose only 4.8%.

The first quarter of 1980 saw very large increases in appropriations in many industries. Consequently, even though appropriations dropped in the following two quarters, the figure in the third quarter was 7.1% above that in the fourth quarter of 1979. Excluding petroleum, appropriations in the third quarter were down only 8.6% from end-1979. This is a rather strong showing for a recession year. However, even though the recession is apparently over, it's entirely possible that appropriations will drop further, since the historical pattern is for appropriations to turn upward after the turn in overall economic activity. *The 1,000 companies' spending has been rising in 1980 but is still well below the level of appropriations. Consequently, the backlog of unspent appropriations has risen, which is unusual in a recession year. For the full year 1980, both appropriations and expenditures of the large manufacturers will record sizable increases from 1979. For 1981, the respondents' expectations point to smaller percentage gains for both appropriations and expenditures.*

Developments in the Third Quarter

Total appropriations fell 3.6% in the quarter to $24.9 billion (seasonally adjusted). Appropriations fell 7.3% in the petroleum industry and 14.7% in the rest of nondurables manufacturing, but rose 8.2% in durables after a very big drop in the second quarter. The rebound in durables put appropriations in that sector back near the level prevailing in the second half of 1979.

The third-quarter drop in petroleum appropriations was not surprising, in view of the enormous gains in the year's first two quarters (34% and 29%, respectively). In several other nondurables industries, third-quarter changes in appropriations likewise reflected offsets to previous large moves—down in the third quarter in food following a large rise, and up in textiles, paper and rubber following large declines.

Capital spending rose in most industries in the third quarter. The exceptions were three industries where spending has been in the doldrums all year—steel, nonelectrical machinery, and stone-clay-glass—plus the paper industry. *Total capital spending by the 1,000 largest manufacturers rose 6.9% in the third quarter following no change in the second.*

Cancellations and adjustments of appropriations amounted to only $257 million in the third quarter. The unusually small size of this figure reflected a substantial positive adjustment (that is, a "negative cancellation") in the nonelectrical machinery industry, as one company corrected previous underreporting of appropriations. *Net appropriations in the third quarter were $24.7 billion, down 1.9% from the second quarter. With capital spending amounting to $22.8 billion in the quarter, the backlog of unspent appropriations rose $2.0 billion and was $13.2 billion above the end-1979 level.*

1980 Prospects and the Outlook for 1981

In the first three quarters of 1980, the 1,000 largest manufacturers' capital appropriations and capital outlays were both up 23% from the same period in 1979. The third-quarter survey did not ask for expectations regarding full-year 1980 totals; only 1981 expectations were surveyed. However, percent changes for the full year 1980 have been estimated on the basis of data through the third quarter plus the companies' mid-1980 expectations. These estimates, shown in Table 4, are: appropriations up 16% from 1979, but only 5% excluding petroleum; expenditures up 23% (21% excluding petroleum). The 1979 increases were 32% for appropriations and 25% for spending. Expectations for 1980 started off weak and strengthened as the year progessed—unusual behavior in a recession.

The 1981 percent changes shown in Table 4 are calculated by relating the 1,000 manufacturers' 1981 expectations to the estimated 1980 totals. *Appropriations are expected to rise 13% in 1981 (5% excluding the booming petroleum industry) and spending 17% (12% excluding petroleum).* Since capital investment tends to "lag" the overall economy, continuing to weaken after economic activity turns upward, a weaker showing in 1981 than 1980 would not be very surprising.

Lora S. Collins

TABLE 1. PERCENT CHANGES IN CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Current and Constant (1972) Dollars

	Current Dollars				Constant Dollars			
	IV-79 to I-80	I-80 to II-80	II-80 to III-80	III-79 to III-80	IV-79 to I-80	I-80 to II-80	II-80 to III-80	III-79 to III-80
				—APPROPRIATIONS—				
ALL MANUFACTURING	26.7	—12.3	— 3.6	9.9	23.6	—13.0	—5.1	4.1
ALL MFG. EX PETROLEUM	24.6	—25.4	— 1.6	— 4.0	21.0	—26.5	— 4.1	—10.9
DURABLE GOODS	25.7	—33.8	8.2	— 1.5	21.7	—35.2	6.0	— 8.7
Primary iron & steel	6.1	—56.6	72.3	—11.5	5.2	—57.7	67.9	—17.6
Primary nonferrous metals	215.2	—20.6	— 5.5	73.9	207.7	—22.0	— 7.5	61.1
Electrical machinery & equipment	8.0	— 0.4	— 0.9	31.4	4.5	— 2.0	— 3.4	21.9
Nonelectrical machinery	70.0	—42.2	— 0.8	—23.9	64.2	—44.3	— 1.9	—29.1
Motor vehicles & equipment	—20.9	—42.1	1.0	—15.9	—24.8	—42.7	— 2.8	—22.9
Other transportation equipment	65.6	—45.0	2.9	—10.6	65.6	—47.8	— 0.2	—20.5
Stone, clay & glass	49.9	—56.6	7.7	—24.1	48.1	—57.4	6.3	—27.9
Fabricated metals	—35.6	— 4.3	45.5	21.9	—36.8	— 7.1	41.8	11.8
Instruments & photo equipment	—18.0	3.2	61.3	50.0	—18.1	— 0.1	61.7	43.7
Other durable goods†	78.6	—37.9	— 9.0	—25.0	66.2	—36.1	—11.3	—30.4
NONDURABLE GOODS	27.7	8.2	—10.6	19.6	25.5	8.7	—11.6	15.3
Food & beverages	—18.4	32.4	—42.3	—23.6	—18.7	30.3	—44.0	—28.3
Textiles	—27.0	—34.5	38.7	9.7	—28.3	—36.5	39.3	5.0
Paper & allied products	147.7	—51.3	24.8	0.7	141.9	—52.5	22.5	— 6.4
Chemicals & allied products	12.8	1.3	—11.1	— 6.1	11.0	— 0.7	—14.9	—13.8
Petroleum & coal products	34.2	29.0	— 7.3	52.5	32.9	31.2	— 6.9	52.3
Rubber products	51.3	—25.5	16.4	—24.4	47.5	—26.3	14.5	—28.2
Other nondurable goods†	78.8	—33.7	—14.0	14.2	64.7	—27.4	—17.3	6.0
				—EXPENDITURES—				
ALL MANUFACTURING	8.4	0.0	6.9	21.7	6.0	— 1.0	4.9	14.8
ALL MFG. EX PETROLEUM	7.5	0.1	4.8	17.4	4.7	— 1.7	2.0	8.8
DURABLE GOODS	6.9	— 2.9	5.8	16.5	3.9	— 5.2	3.5	7.8
Primary iron & steel	2.8	— 8.9	— 8.8	5.3	1.9	—11.3	—11.2	— 2.1
Primary nonferrous metals	1.7	9.5	63.8	108.7	— 0.8	7.5	60.2	93.5
Electrical machinery & equipment	4.4	11.8	15.5	42.4	1.0	10.0	12.6	32.1
Nonelectrical machinery	0.5	— 0.2	— 0.7	4.0	— 2.9	— 3.8	— 1.8	— 3.1
Motor vehicles & equipment	2.4	—10.1	6.2	— 2.5	— 2.6	—11.0	2.2	—10.6
Other transportation equipment	31.5	— 8.5	0.0	30.9	31.5	—13.2	— 3.1	16.4
Stone, clay & glass	— 1.1	— 3.9	— 7.6	— 1.9	— 2.3	— 5.7	— 8.7	— 7.2
Fabricated metals	11.8	—14.1	2.1	— 0.7	9.8	—16.6	— 0.5	— 9.2
Instruments & photo equipment	12.9	— 4.0	5.4	19.8	12.7	— 7.1	5.7	14.8
Other durable goods†	26.6	— 7.9	2.5	12.4	17.8	— 5.2	— 0.1	4.4
NONDURABLE GOODS	9.8	2.8	7.9	26.7	8.1	3.0	6.2	21.6
Food & beverages	17.5	3.0	2.4	18.2	17.1	1.4	— 0.6	10.9
Textiles	18.3	0.9	14.4	15.0	16.2	— 2.1	14.9	11.2
Paper & allied products	12.1	8.9	— 9.9	9.8	9.5	6.2	—11.6	2.1
Chemicals & allied products	3.4	2.9	8.4	24.3	1.7	0.9	3.7	14.1
Petroleum & coal products	11.4	— 0.3	13.9	37.0	10.3	1.4	14.4	36.8
Rubber products	1.4	— 8.9	11.7	— 8.8	— 1.2	— 9.9	9.8	—12.8
Other nondurable goods†	5.0	26.1	— 3.3	25.7	— 3.2	38.1	— 7.0	17.1

See General Notes on page 7.

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Quarterly Data in Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	IV-79	I-80	II-80	III-80	IV-79	I-80	II-80	III-80
ALL MANUFACTURING								
Opening backlog	73,446	76,662	84,086	87,940	72,847	74,718	78,893	81,053
Newly approved	23,279	29,503	25,865	24,926	13,519	16,710	14,533	13,793
Canceled	416	783	712	257	235	440	400	146
Capital expenditure	19,647	21,296	21,299	22,773	11,414	12,095	11,973	12,565
Closing backlog	76,662	84,086	87,940	89,836	74,718	73,893	81,053	82,135
DURABLE GOODS								
Opening backlog	37,162	39,000	42,524	41,814	36,477	37,565	39,574	39,171
Newly approved	11,470	14,420	9,548	10,333	6,786	8,262	5,351	5,674
Canceled	—15	580	241	—46	—9	326	134	—25
Capital expenditure	9,647	10,316	10,017	10,596	5,707	5,927	5,621	5,817
Closing backlog	39,000	42,524	41,814	41,597	37,565	39,574	39,171	39,053
Primary iron & steel								
Opening backlog	4,409	4,452	4,378	3,858	5,702	5,727	5,684	5,387
Newly approved	918	974	423	729	544	572	242	406
Canceled	—128	17	4	—32	—76	10	2	—18
Capital expenditure	1,003	1,031	939	856	594	605	537	477
Closing backlog	4,452	4,378	3,858	3,763	5,727	5,684	5,387	5,334
Primary nonferrous metals								
Opening backlog	3,059	2,934	3,629	3,951	3,369	3,296	3,692	3,871
Newly approved	388	1,223	971	918	226	695	542	501
Canceled	37	44	119	42	22	25	66	23
Capital expenditure	476	484	530	868	277	275	296	474
Closing backlog	2,934	3,629	3,951	3,959	3,296	3,692	3,871	3,876
Electrical machinery & equipment								
Opening backlog	3,308	3,641	4,026	4,263	3,748	3,945	4,165	4,298
Newly approved	1,688	1,823	1,815	1,798	998	1,042	1,021	986
Canceled	8	32	6	10	5	18	3	5
Capital expenditure	1,347	1,406	1,572	1,816	796	804	885	996
Closing backlog	3,641	4,026	4,263	4,235	3,945	4,165	4,298	4,283
Nonelectrical machinery								
Opening backlog	7,394	6,979	7,802	7,346	6,397	6,148	6,625	6,370
Newly approved	1,962	3,335	1,928	1,912	1,177	1,932	1,076	1,056
Canceled	33	157	34	—200	20	91	19	—110
Capital expenditure	2,344	2,355	2,350	2,334	1,406	1,364	1,312	1,289
Closing backlog	6,979	7,802	7,346	7,124	6,148	6,625	6,370	6,248
Motor vehicles & equipment								
Opening backlog	8,610	10,113	10,979	11,011	7,259	8,157	8,649	8,667
Newly approved	2,920	2,309	1,337	1,351	1,745	1,313	752	731
Canceled	—12	—20	—10	19	—7	—11	—6	10
Capital expenditure	1,429	1,463	1,315	1,396	854	832	740	756
Closing backlog	10,113	10,979	11,011	10,947	8,157	8,649	8,667	8,632
Other transportation equipment								
Opening backlog	2,937	3,062	3,503	3,316	2,489	2,561	2,813	2,711
Newly approved	941	1,558	857	882	538	891	465	464
Canceled	6	52	70	15	3	30	38	8
Capital expenditure	810	1,065	974	974	463	609	528	512
Closing backlog	3,062	3,503	3,316	3,209	2,561	2,813	2,711	2,655
Stone, clay & glass								
Opening backlog	2,431	2,347	2,557	2,308	2,454	2,404	2,528	2,384
Newly approved	563	844	366	394	335	496	211	225
Canceled	7	1	7	65	4	1	4	37
Capital expenditure	640	633	608	562	381	372	351	320
Closing backlog	2,347	2,557	2,308	2,075	2,404	2,528	2,384	2,251
Fabricated metals								
Opening backlog	1,518	1,607	1,489	1,462	1,575	1,627	1,559	1,544
Newly approved	503	324	310	451	296	187	174	247
Canceled	8	—12	—53	16	5	—7	—30	9
Capital expenditure	406	454	390	398	239	263	219	218
Closing backlog	1,607	1,489	1,462	1,499	1,627	1,559	1,544	1,564

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES (continued)

	Current Dollars				Constant (1972) Dollars			
	IV-79	I-80	II-80	III-80	IV-79	I-80	II-80	III-80
Instruments & photo equipment								
Opening backlog	1,281	1,468	1,434	1,408	1,289	1,398	1,378	1,363
Newly approved	833	683	705	1,137	485	397	397	641
Canceled	32	24	66	14	19	14	37	8
Capital expenditure	614	693	665	701	358	403	374	395
Closing backlog	1,468	1,434	1,408	1,830	1,398	1,378	1,363	1,601
Other durable goods†								
Opening backlog	2,215	2,397	2,727	2,891	2,195	2,302	2,483	2,575
Newly approved	754	1,347	836	761	443	736	470	417
Canceled	—6	285	—2	5	—4	156	—1	3
Capital expenditure	578	732	674	691	340	400	379	379
Closing backlog	2,397	2,727	2,891	2,956	2,302	2,483	2,575	2,610
NONDURABLE GOODS								
Opening backlog	36,284	37,662	41,562	46,126	36,370	37,153	39,319	41,882
Newly approved	11,809	15,083	16,317	14,593	6,733	8,448	9,181	8,118
Canceled	431	203	471	303	244	114	267	171
Capital expenditure	10,000	10,980	11,282	12,177	5,707	6,168	6,352	6,748
Closing backlog	37,662	41,562	46,126	48,239	37,153	39,319	41,882	43,081
Food & beverages								
Opening backlog	4,455	5,069	5,025	5,213	4,286	4,640	4,615	4,721
Newly approved	1,948	1,590	2,105	1,214	1,124	914	1,192	667
Canceled	53	129	367	—48	31	74	208	—26
Capital expenditure	1,281	1,505	1,550	1,587	739	865	877	872
Closing backlog	5,069	5,025	5,213	4,888	4,640	4,615	4,721	4,542
Textiles								
Opening backlog	573	720	751	702	699	786	804	776
Newly approved	341	249	163	226	201	144	92	127
Canceled	14	5	—3	9	8	3	—2	5
Capital expenditure	180	213	215	246	106	123	121	139
Closing backlog	720	751	702	673	786	804	776	760
Paper & allied products								
Opening backlog	4,331	4,166	4,905	4,624	4,040	3,942	4,371	4,212
Newly approved	642	1,590	774	966	382	925	439	538
Canceled	16	—36	89	16	10	—21	50	9
Capital expenditure	791	887	966	870	471	516	548	485
Closing backlog	4,166	4,905	4,624	4,704	3,942	4,371	4,212	4,256
Chemicals & allied products								
Opening backlog	8,267	8,450	8,939	9,377	8,666	8,772	9,052	9,296
Newly approved	2,750	3,103	3,142	2,794	1,596	1,771	1,757	1,496
Canceled	46	8	22	33	27	5	12	18
Capital expenditure	2,521	2,606	2,682	2,906	1,463	1,487	1,500	1,556
Closing backlog	8,450	8,939	9,377	9,232	8,772	9,052	9,296	9,219
Petroleum and coal products								
Opening backlog	15,539	16,009	17,977	22,114	15,671	15,933	17,020	19,343
Newly approved	5,275	7,078	9,133	8,468	2,941	3,908	5,129	4,777
Canceled	297	88	—10	301	166	49	—6	170
Capital expenditure	4,508	5,022	5,006	5,703	2,514	2,773	2,811	3,217
Closing backlog	16,009	17,977	22,114	24,578	15,933	17,020	19,343	20,733
Rubber products								
Opening backlog	994	944	1,011	1,007	1,088	1,058	1,097	1,095
Newly approved	189	286	213	248	113	167	123	140
Canceled	17	—6	12	22	10	—3	7	12
Capital expenditure	222	225	205	229	133	131	118	130
Closing backlog	944	1,011	1,007	1,004	1,058	1,097	1,095	1,093
Other nondurable goods†								
Opening backlog	2,125	2,304	2,954	3,089	1,920	2,022	2,361	2,438
Newly approved	664	1,187	787	677	376	619	450	372
Canceled	—12	15	—6	—30	—7	8	—3	—16
Capital expenditure	497	522	658	636	281	272	376	350
Closing backlog	2,304	2,954	3,089	3,160	2,022	2,361	2,438	2,477

See General Notes on page 7.

TABLE 3. PROPORTION OF APPROPRIATIONS FOR PLANT

Percent

	78-III	78-IV	79-I	79-II	79-III	79-IV	80-I	80-II	80-III
ALL MANUFACTURING	24	24	21	24	21	21	23	21	23
DURABLE GOODS	25	25	20	24	19	17	19	22	23
Primary iron and steel	12	15	13	9	13	15	8	12	16
Primary nonferrous metals	38	26	25	22	22	24	25	24	25
Electrical machinery & equipment	31	24	18	19	20	16	22	20	23
Nonelectrical machinery	21	23	20	29	19	8	15	24	20
Motor vehicles & equipment	12	13	30	17	21	10	25	20	29
Other transportation equipment	34	17	27	44	20	34	22	38	42
Stone, clay & glass	14	32	14	12	10	12	7	7	5
Fabricated metals	17	12	11	14	13	18	16	21	24
Instruments & photo equipment	37	52	11	10	23	24	13	20	10
Other durable goods	67	77	62	64	21	19	45	20	23
NONDURABLE GOODS	22	22	24	24	23	25	28	18	24
Food & beverages	24	18	25	26	26	29	19	17	22
Textiles	22	16	16	25	26	17	15	21	10
Paper & allied products	12	19	12	15	12	12	13	16	16
Chemicals & allied products	20	29	24	34	28	26	23	23	34
Rubber products	4	15	13	11	18	10	12	8	8
Other nondurable goods	35	17	39	19	20	39	68	12	22

Based on data from those companies that report appropriations for plant and equipment separately. The composition of this group varies slightly from quarter to quarter. Petroleum industry is excluded. Historical data from 1959 available on request.

See also General Notes on page 7.

TABLE 4. PERCENT CHANGE IN CAPITAL APPROPRIATIONS AND EXPENDITURES: 1979 ACTUAL, 1980 ESTIMATED AND 1981 EXPECTED*

	Appropriations			Expenditures		
	1979	1980	1981	1979	1980	1981
All Manufacturing	32	16	13	25	23	17
All Manufacturing except Petroleum	33	5	5	28	21	12
Durable goods	31	4	—2	33	21	4
Nondurable goods	33	28	24	19	26	28
Petroleum	29	55	32	16	30	32
Other	36	8	15	20	22	25

*Estimates for 1980 are based on three quarters of data plus the respondents' mid-1980 expectations. Expectations for 1981 are based on the survey respondents' answers to a question about their expectations.

See also General Notes on page 7.

TABLE 5. CAPITAL APPROPRIATIONS AND EXPENDITURES, ANNUAL TOTALS
In Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	1976	1977	1978	1979	1976	1977	1978	1979
				—APPROPRIATIONS—				
ALL MANUFACTURING	50,034	63,420	67,156	88,519	36,525	43,659	43,149	52,503
ALL MFG. EX. PETROLEUM	38,803	45,893	52,014	68,993	28,505	31,819	33,549	41,325
DURABLE GOODS	22,365	26,644	33,089	43,339	16,427	18,512	21,316	26,035
Primary iron & steel	2,897	2,516	3,083	3,559	2,127	1,741	1,993	2,166
Primary nonferrous metals	1,723	1,979	1,381	1,941	1,268	1,356	883	1,161
Electrical machinery & equipment	2,853	3,189	4,421	5,859	2,095	2,209	2,849	3,528
Nonelectrical machinery	5,001	5,105	6,306	10,236	3,662	3,558	4,091	6,170
Motor vehicles & equipment	3,517	5,268	6,981	8,129	2,591	3,684	4,542	4,887
Other transportation equipment	1,253	1,864	2,911	3,817	918	1,294	1,860	2,250
Stone, clay & glass	1,220	1,943	2,311	2,367	901	1,354	1,497	1,442
Fabricated metals	1,150	1,104	1,625	1,846	847	768	1,055	1,120
Instruments & photo equipment	1,057	1,448	2,162	2,925	774	1,000	1,350	1,760
Other durable goods†	1,694	2,228	1,908	2,660	1,245	1,548	1,195	1,551
NONDURABLE GOODS	27,669	36,776	34,067	45,180	20,098	25,146	21,833	26,468
Food & beverages	3,834	4,966	4,898	6,640	2,807	3,438	3,167	3,940
Textiles	903	838	853	960	667	582	554	574
Paper & allied products	1,585	2,648	2,795	3,979	1,172	1,829	1,798	2,429
Chemicals & allied products	7,906	7,854	7,759	10,725	5,800	5,417	5,017	6,352
Petroleum & coal products	11,231	17,527	15,142	19,526	8,020	11,839	9,600	11,178
Rubber products	676	862	1,035	1,057	502	600	677	643
Other nondurable goods†	1,534	2,081	1,585	2,293	1,131	1,441	1,021	1,352
				—EXPENDITURES—				
ALL MANUFACTURING	47,055	52,498	58,356	73,126	34,318	36,158	37,439	43,318
ALL MFG. EX. PETROLEUM	34,504	38,148	43,861	56,250	25,341	26,444	28,263	33,646
DURABLE GOODS	19,046	22,120	26,414	35,230	13,975	15,363	16,999	21,130
Primary iron & steel	3,552	3,048	2,671	3,243	2,599	2,113	1,730	1,966
Primary nonferrous metals	1,349	1,416	1,433	1,685	992	978	914	1,004
Electrical machinery & equipment	2,445	3,064	3,668	4,918	1,796	2,117	2,359	2,957
Nonelectrical machinery	4,442	4,747	5,445	8,400	3,250	3,312	3,533	5,048
Motor vehicles & equipment	1,701	3,321	4,508	5,335	1,254	2,310	2,942	3,206
Other transportation equipment	1,136	1,361	2,051	2,908	833	947	1,312	1,712
Stone, clay & glass	1,117	1,275	1,944	2,407	826	888	1,258	1,465
Fabricated metals	894	935	1,237	1,614	655	651	804	979
Instruments & photo equipment	1,145	1,213	1,517	2,389	839	837	945	1,441
Other durable goods†	1,265	1,740	1,940	2,331	930	1,210	1,202	1,351
NONDURABLE GOODS	28,009	30,378	31,942	37,896	20,344	20,795	20,440	22,188
Food & beverages	3,666	3,882	4,217	5,037	2,685	2,685	2,727	2,989
Textiles	605	775	837	763	446	538	542	457
Paper & allied products	2,073	1,825	2,140	3,018	1,536	1,271	1,376	1,833
Chemicals & allied products	7,486	7,545	7,797	9,309	5,499	5,198	5,031	5,511
Petroleum & coal products	12,551	14,350	14,495	16,876	8,977	9,714	9,176	9,673
Rubber products	555	752	909	963	412	522	595	586
Other nondurable goods†	1,073	1,249	1,547	1,930	789	865	993	1,140

Each annual figure is the sum of not-seasonally-adjusted quarterly figures, and may not equal the sum of seasonally adjusted quarterly figures.

GENERAL NOTES

Data for 1980-II are revised; data for 1980-III are preliminary.

All estimates are based on a survey and are for the survey population, which is composed of the 1,000 largest manufacturing companies as ranked by total assets. These companies accounted for 77% of all manufacturing corporations' assets in 1973.

Historical data from 1953 available on request from the Business Conditions Analysis Department: (1) quarterly series seasonally adjusted; (2) quarterly series not seasonally adjusted; (3) annual series.

†Other durables includes lumber, furniture and fixtures, and miscellaneous manufactures; other nondurables includes tobacco, apparel, printing and publishing, and leather.

The Conference Board
Quarterly Survey of Capital Investment
and Supply Conditions in Manufacturing

October 1980

Excess capacity among the thousand largest manufacturers remained as high in October as it had been in July, according to the latest Quarterly Survey of Capital Investment and Supply Conditions. However, more than three-fourths of the respondents were still planning to expand their capital facilities. Reports of products on allocation by the manufacturers continued to decline except for petroleum products.

Although reports of "more than adequate" capital facilities are not as prevalent among the respondents as they were in the winter of 1975-76, 31% of companies (weighted by assets) were in this category in October, unchanged from July (Table 1). Steel (88%) and motor vehicles (81%) were still the industries where the most excess capacity existed. Some of the rubber companies reduced their excess capacity between July and October while reports of excess increased among stone-clay-glass producers. Overall, 88% of the firms reporting excess capacity were underutilized by more than 10% this October, up from 84% in July. Nonelectrical machinery was the only industry where firms owning more than half the industry's assets reported "inadequate" capacity.

Products on allocation by manufacturers continued to diminish in number in October. New items: space heaters, special electrical equipment for use in nuclear plant security systems, and steel pipe for oil and gas wells and transmission. The petroleum and paper industries still report the most numerous allocations, and this is reflected in the answers to the question about external supply shortages (Table 3). Only in petroleum and publishing did more than two companies indicate shortage of raw materials. In nearly every case, the external shortages resulted in a less-than-10% lowering of overall production.

Anticipated use of internal funds for capital expenditures in the first half of 1981 was revised downward in most nondurables industries and revised upward in most durables industries (Table 4). As of October, the respondents expected to resort to external sources for 19% of their capital investment funds in first half 1981—the highest percentage since 1974. Paper, chemicals, petroleum and rubber brought the percentage up. Availability of external funds in October was largely perceived as unchanged from three months earlier, when there had been a marked easing of access to external funds (Table 5).

M. Nichols

TABLE 1. ADEQUACY OF CAPITAL FACILITIES

Percent Distribution of Responding Companies Weighted by Assets

	July 1978	Oct. 1978	Jan. 1979	Apr. 1979	July 1979	Oct. 1979	Jan. 1980	Apr. 1980	July 1980	Oct. 1980
					Inadequate					
All Manufacturing	19.5	18.4	19.2	21.3	20.4	16.1	14.2	13.7	12.4	12.4
Durable goods	30.7	30.4	30.7	29.8	25.0	17.0	16.4	17.9	15.9	16.7
Nondurable goods	7.5	6.7	8.3	13.4	15.6	15.0	12.1	9.7	9.0	8.6
					Sufficient					
All Manufacturing	62.4	64.3	67.6	65.9	68.4	64.0	69.1	64.6	56.3	57.0
Durable goods	56.8	56.6	61.8	64.0	63.4	59.8	60.8	53.8	46.2	44.0
Nondurable goods	68.4	71.8	73.1	67.7	73.7	68.9	77.0	74.9	66.3	68.4
					More Than Adequate					
All Manufacturing	18.1	17.2	13.2	12.8	11.1	19.9	16.7	21.7	31.2	30.6
Durable goods	12.5	12.9	7.5	6.2	11.5	23.2	22.8	28.3	37.8	39.3
Nondurable goods	24.1	21.4	18.6	18.9	10.7	16.1	10.9	15.4	24.7	22.9

TABLE 2. CHANGE IN CAPITAL FACILITIES EXPECTED FROM CURRENT SPENDING PROGRAMS

Percent Distribution of Responding Companies Weighted by Assets

	July 1978	Oct. 1978	Jan. 1979	Apr. 1979	July 1979	Oct. 1979	Jan. 1980	Apr. 1980	July 1980	Oct. 1980
					Expansion					
All Manufacturing	71.5	72.8	78.0	76.2	79.2	78.4	75.7	75.6	77.3	77.4
Durable goods	74.0	76.3	78.9	79.1	78.1	77.4	75.9	76.0	73.3	74.0
Nondurable goods	68.7	69.3	77.1	73.2	80.3	79.5	75.6	75.3	81.3	80.4
					No Change					
All Manufacturing	28.5	26.7	21.3	21.4	16.9	21.3	21.5	23.2	21.6	22.0
Durable goods	26.0	23.6	21.1	16.6	14.4	22.4	19.8	23.6	25.0	25.9
Nondurable goods	31.3	29.7	21.5	26.5	19.4	19.9	23.2	22.9	18.3	18.6
					Reduction					
All Manufacturing	0.0	0.5	0.7	2.3	3.9	0.3	2.7	1.2	1.1	0.5
Durable goods	0.0	0.0	0.1	4.3	7.5	0.2	4.3	0.4	1.7	0.1
Nondurable goods	0.0	0.9	1.4	0.3	0.3	0.6	1.2	1.9	0.4	0.9

TABLE 3. EXTERNAL SUPPLY SHORTAGES

Percent of Companies (weighted by assets) Reporting Lowered Production Because of Shortages

	July 1978	Oct. 1978	Jan. 1979	Apr. 1979	July 1979	Oct. 1979	Jan. 1980	Apr. 1980	July 1980	Oct. 1980
					Raw Materials					
All Manufacturing	0.7	0.5	3.1	11.1	11.1	7.0	9.7	4.5	3.7	2.3
Durable goods	0.8	0.3	0.2	0.7	1.4	0.4	0.9	0.2	0.6	0.3
Nondurable goods	0.6	0.7	5.9	20.9	21.2	14.8	18.3	8.7	6.7	4.0
					Processed Goods					
All Manufacturing	0.2	0.6	0.5	0.2	0.3	1.4	1.3	1.5	0.2	0.5
Durable goods	0.2	0.0	1.1	0.4	0.6	2.4	1.7	2.9	0.3	1.0
Nondurable goods	0.1	1.1	0.0	0.0	0.0	0.2	1.0	0.1	0.0	0.0
					Both					
All Manufacturing	0.3	0.2	0.7	2.8	5.4	3.1	3.0	4.2	1.5	1.6
Durable goods	0.4	0.3	0.2	0.2	0.4	0.1	1.8	1.2	1.8	2.0
Nondurable goods	0.1	0.2	1.2	5.2	10.8	6.6	4.2	7.1	1.2	1.2

TABLE 4. ANTICIPATED SOURCES OF FUNDS FOR CAPITAL EXPENDITURES

Percent Distribution of Responding Companies Weighted by Assets

	1977		1978		1979		1980		1981
	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half (r)	First Half (r)
From Internal Sources									
All Manufacturing	88.5	88.5	85.0	88.7	89.2	88.6	83.7	83.2	80.7
Durable goods	88.1	89.1	89.8	91.1	89.7	87.9	77.8	83.7	83.8
Nondurable goods	89.0	87.9	79.1	86.0	88.6	89.5	89.2	82.8	77.9
From External Sources									
All Manufacturing	11.5	11.5	15.0	11.3	10.8	11.4	16.3	16.8	19.3
Durable goods	11.9	10.9	10.2	8.9	10.3	12.1	22.2	16.3	16.2
Nondurable goods	11.0	12.1	20.9	14.0	11.4	10.5	10.8	17.2	22.1

TABLE 5. AVAILABILITY OF EXTERNAL CAPITAL FUNDS COMPARED WITH THREE MONTHS EARLIER

Percent Distribution of Responding Companies

	July 1978	Oct. 1978	Jan. 1979	Apr. 1979	July 1979	Oct. 1979	Jan. 1980	Apr. 1980	July 1980	Oct. 1980
Easier										
All Manufacturing	3.4	4.3	3.1	4.1	4.4	2.2	4.5	1.3	26.9	6.8
Durable goods	4.8	4.7	3.5	5.2	5.5	2.1	3.0	1.0	26.6	7.4
Nondurable goods	1.7	3.8	2.7	2.8	3.3	2.2	6.0	1.6	27.1	6.0
Same										
All Manufacturing	95.3	82.2	83.5	89.2	89.6	74.2	84.0	67.3	68.9	83.5
Durable goods	83.7	82.9	82.2	88.0	88.5	75.0	85.3	68.2	69.7	81.9
Nondurable goods	87.2	81.3	84.9	90.4	90.8	73.4	82.6	66.3	68.1	85.2
Tighter										
All Manufacturing	11.4	13.5	13.4	6.8	6.0	23.7	11.5	31.4	4.3	9.7
Durable goods	11.5	12.3	14.4	6.8	6.0	22.9	11.7	30.8	3.7	10.6
Nondurable goods	11.2	14.8	12.4	6.7	6.0	24.5	11.4	32.1	4.8	8.8

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, call Linette Stein at (212) 759-0900.

R 4105-12-B

Nonprofit Org.
U.S. Postage
PAID
New York, N.Y.
Permit No. 9819

Manufacturing Investment Statistics

Capital Appropriations

Fourth Quarter 1980

and

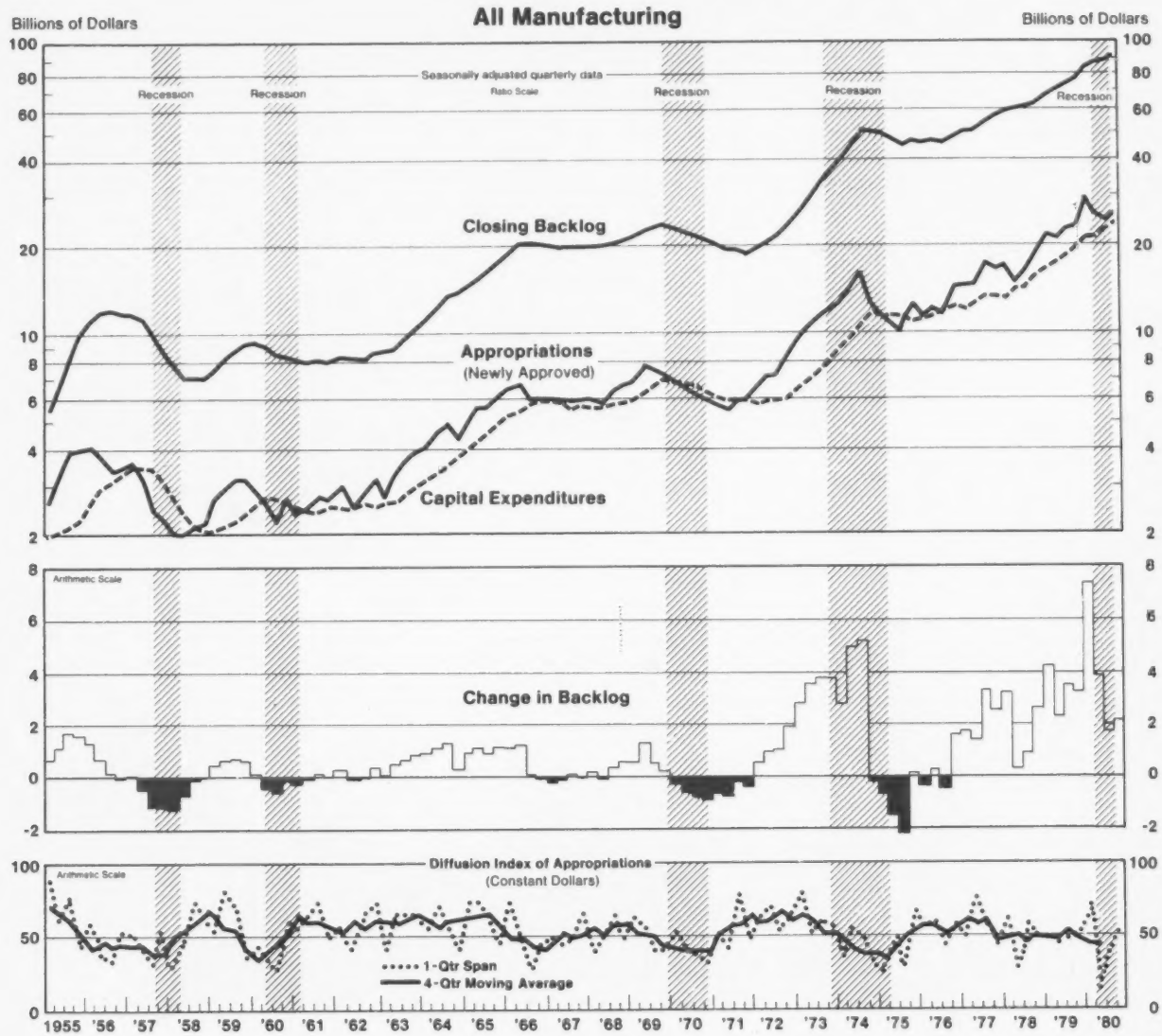
Capital Investment and Supply Conditions

January 1981

THE CONFERENCE BOARD, INC.
845 Third Avenue
New York, N.Y. 10022

STATISTICAL REFERENCE INDEX
ACQUISITIONS
4520 EAST-WEST HIGHWAY - SUITE 800
WASHINGTON, D.C. 20014

CAPITAL APPROPRIATIONS IN RECESSION AND EXPANSION



Survey conducted by Margaret M. Nichols
Business Conditions Analysis Department—Lora S. Collins, Director

© 1981 THE CONFERENCE BOARD, INC.
845 Third Avenue, New York, N.Y. 10022
(212) 759-0900 Telex 234465 and 237282

THE CONFERENCE BOARD IN CANADA
25 McArthur Road
Ottawa, Ontario, K1L-6R3, Canada
(613) 746-1261

THE CONFERENCE BOARD IN EUROPE
Avenue Louise, 207 Bte 5
B-1050 Brussels, Belgium
(02) 640 62 40 Telex 63635

The Conference Board

Quarterly Survey of Capital Appropriations

Fourth Quarter 1980

Capital appropriations of the nation's 1,000 largest manufacturers recovered modestly in the fourth quarter of 1980. Total appropriations rose 6.6%, following declines of 6.1% in the third quarter and 12.3% in the second. Appropriations had risen an enormous 26.7% in the first quarter of 1980. *The 1,000 companies' capital spending rose 5.2% in the fourth quarter following a gain of 5.0% in the third and no change in the second.* The huge petroleum industry reported a small drop in appropriations in the fourth quarter but a sizable rise in spending. Excluding this industry, the large manufacturers' appropriations increased 13.7% and their spending 3.1%.

For the full year 1980, the 1,000 largest manufacturers' capital appropriations were up 18.2% from 1979 and their spending was up 21.4 %. Both of these increases were smaller than the 1979 gains (31.8% in appropriations and 25.3% in spending). *The survey respondents' expectations point to 1981 increases of about 6% in appropriations and 17% in spending.*

Fourth Quarter 1980

The 1,000 largest manufacturers' appropriations seem to have suffered only a mild trimming as a consequence of the 1980 recession. The booming petroleum industry played a major part in the strength of overall appropriations last year, but the total excluding petroleum held up well. In the fourth quarter, the 6.6% rise in total appropriations put them at $25.9 billion (seasonally adjusted), a level 11.2% above the year-earlier figure. Appropriations excluding petroleum rose 13.7% in the fourth quarter to a level of $17.5 billion (seasonally adjusted), only 2.6% below the year-earlier figure. *The weakest appropriations showings during the course of 1980 were recorded by the rubber, stone-clay-glass, motor vehicle, other transportation, and miscellaneous nondurables industries. The strongest were in petroleum and miscellaneous durables.*

Fourth-quarter capital spending by the 1,000 largest manufacturers was $23.5 billion, up 5.2% from the previous quarter; excluding petroleum, the gain was 3.1%, to $17.0 billion. Spending reductions during the course of 1980 were more common in durables than in nondurables industries, a pattern consistent with the greater cyclical sensitivity of durables manufacturing. Even so, spending by durables manufacturers in the fourth quarter was 12.0% above the year-earlier level, little different from the 13.2% increase for nondurables excluding petroleum. (The petroleum industry in the fourth quarter was spending at a rate 44.3% ahead of a year earlier.)

Cancellations and adjustments to appropriations were a very small $231 million in the fourth quarter, resulting in a 6.2% rise in net new appropriations. With net new appropriations running ahead of spending, the unspent backlog grew once again in the fourth quarter. The increase was $2.1 billion, but $1.8 billion of that was attributable to the petroleum industry, leaving a gain of only $0.3 billion for the rest of manufacturing. In the second and third quarters, the nonpetroleum backlog shrank a total of $1.2 billion, but in the first quarter of 1980 it had risen an enormous $5.5 billion. Consequently, at year-end the nonpetroleum backlog was $4.6 billion (7.5%) above the end-1979 level, a strong showing for a recession year. The end-1980 petroleum industry backlog was $10.6 billion, or 66.3%, above the year-earlier level.

As usual, the figures for the previous quarter have been revised. Third-quarter appropriations were revised down about 2½% and spending down about 2%. These changes largely reflected the incorporation of data from late-reporting companies, although there were some downward revisions to figures previously reported.

The Year 1980 and Outlook for 1981

On the basis of the preliminary fourth-quarter data, the 1,000 largest manufacturers appropriated $104.7 billion in 1980 (up 18.2% from 1979) and spent $88.8 billion (up 21.4%). The petroleum and nonferrous metals industries had huge appropriations increases in 1980 (occurring early in the year) but most other industries recorded only small gains (instruments, food, textiles) or outright declines (steel, nonelectrical machinery, motor vehicles, stone-clay-glass, fabricated metals, paper, rubber). The previous year, 1979, had seen very big appropriations increases throughout manufacturing—31.8% overall, with all but stone-clay-glass and rubber posting double-digit percentage gains. Some slowdown following such a surge is not surprising, and certainly not surprising in a year of sharp (albeit brief) economic slowdown.

One thing that seems quite certain for 1981 is that the petroleum industry will post another big spending increase, following last year's 34.1%. The survey respondents' expectations point to something close to 30% in 1981. Government and private surveys give the same message. However, the petroleum industry respondents to the latest Conference Board survey look for only a 5% rise in appropriations. *Aggregate capital spending by other manufacturing industries is expected to rise about 13% this year and their appropriations by about 7%.* This spending expectation is somewhat stronger than, but generally consistent with, the findings of other recent surveys that put the 1981 increase in total manufacturers spending at 12 to 15 percent.

The latest expectations for the 1,000 largest companies' 1981 approprations and spending are based on the Conference Board survey taken in January 1981. The previous set of expectations was based on the October 1980 survey. Between the two surveys, the 1980 election was held and the economy showed considerably more strength than many forecasters had been expecting. Yet the expected 1981 gains in the big companies' spending changed barely at all (October expectation—17% overall, 12% ex petroleum; January expectation—17% overall, 13% ex petroleum). The expected gain in nonpetroleum appropriations was boosted very slightly, from 5% in October to 7% in January, but the petroleum industry's expected appropriations increase was cut very sharply. The Administration and Congress are now moving toward tax action that may very well affect spending plans later this year, but the suggestion of this survey is that any early response in anticipation of such action was distinctly muted.

Lora S. Collins

Deflator Revision

Conference Board estimates of Capital Appropriations and Expenditures are deflated with the implicit deflators for the nonresidential structures and producers' durable equipment components of the GNP. The GNP data were recently revised back to 1967. However, constant-dollar Capital Appropriations and Expenditures have been revised only from 1976 forward; prior to 1976, the revisions of the deflators were too small to warrant revision of the Conference Board constant-dollar estimates.

TABLE 1. PERCENT CHANGES IN CAPITAL APPROPRIATIONS AND EXPENDITURES
Seasonally Adjusted Data in Current and Constant (1972) Dollars

	Current Dollars				Constant Dollars			
	I-80 to II-80	II-80 to III-80	III-80 to IV-80	IV-79 to IV-80	I-80 to II-80	II-80 to III-80	III-80 to IV-80	IV-79 to IV-80
				—APPROPRIATIONS—				
ALL MANUFACTURING	—12.3	— 6.1	6.6	11.2	—13.1	— 7.2	4.5	4.6
ALL MFG. EX PETROLEUM	—25.4	— 7.8	13.7	— 2.6	—26.7	—10.0	13.1	— 9.5
DURABLE GOODS	—33.8	— 2.5	19.2	— 3.3	—35.5	— 4.3	19.4	—10.1
Primary iron & steel	—56.6	73.8	12.8	— 9.7	—57.9	68.1	14.2	—14.3
Primary nonferrous metals	—20.6	—20.8	—36.4	26.0	—22.3	—22.7	—36.5	17.7
Electrical machinery & equipment	— 0.4	—18.8	2.7	—10.4	— 2.2	—21.2	2.4	—17.4
Nonelectrical machinery	—42.2	—10.2	43.4	26.6	—44.7	—10.9	45.6	17.9
Motor vehicles & equipment	—42.1	1.0	51.6	—29.9	—42.7	— 1.9	52.6	—35.6
Other transportation equipment	—45.0	0.9	—20.7	—27.1	—48.4	— 2.0	—20.1	—32.5
Stone, clay & glass	—56.5	7.7	0.8	—29.5	—57.5	6.4	—6.5	—36.9
Fabricated metals	— 4.3	41.0	23.8	7.6	— 7.6	36.9	23.4	— 0.7
Instruments & photo equipment	3.2	48.7	—33.1	—15.8	— 0.8	49.8	—33.9	—18.6
Other durable goods†	—37.9	—39.7	180.2	87.3	—35.5	—41.0	177.7	74.3
NONDURABLE GOODS	8.2	— 8.2	— 1.2	25.3	9.0	— 8.8	— 4.6	19.6
Food & beverages	32.4	—37.0	32.0	—10.1	30.0	—38.7	27.6	—16.6
Textiles	—34.5	42.9	71.2	17.0	—36.9	44.4	67.1	10.0
Paper & allied products	—51.3	7.5	—36.3	—17.4	—52.7	5.3	—36.4	—23.0
Chemicals & allied products	1.3	—11.7	17.3	18.3	— 1.1	—15.0	16.6	9.4
Petroleum & coal products	29.0	— 3.0	— 5.7	58.4	32.1	— 2.0	— 9.9	55.8
Rubber products	—25.5	1.4	—47.7	—40.2	—26.4	— 0.3	—48.8	—44.2
Other nondurable goods†	—33.7	— 6.4	—46.9	—41.1	—25.4	—10.3	—47.6	—42.9
				—EXPENDITURES—				
ALL MANUFACTURING	0.0	5.0	5.2	19.8	— 1.1	3.4	3.6	12.7
ALL MFG. EX PETROLEUM	0.1	1.4	3.1	12.5	— 2.0	— 1.1	2.6	4.5
DURABLE GOODS	— 2.9	— 0.6	8.6	12.0	— 5.6	— 2.7	8.6	4.0
Primary iron & steel	— 8.9	—10.8	—18.7	—32.1	—11.7	—13.7	—17.7	—35.6
Primary nonferrous metals	9.5	37.7	18.1	81.1	7.2	34.4	18.0	69.3
Electrical machinery & equipment	11.8	— 6.1	18.4	29.7	9.8	— 8.8	17.9	19.6
Nonelectrical machinery	— 0.2	— 5.4	25.8	19.3	— 4.6	— 6.2	27.7	11.2
Motor vehicles & equipment	—10.1	3.3	2.8	— 2.2	—11.1	0.4	3.5	—10.2
Other transportation equipment	— 8.5	0.2	3.7	24.9	—14.3	— 2.7	4.5	15.9
Stone, clay & glass	— 3.9	— 7.7	—10.2	—21.2	— 6.0	— 8.8	—16.6	—29.6
Fabricated metals	—14.1	— 0.8	— 7.8	—12.1	—17.1	— 3.6	— 8.1	—18.8
Instruments & photo equipment	— 4.0	6.6	9.4	26.4	— 7.8	7.5	8.2	22.1
Other durable goods†	— 7.9	3.1	— 2.6	17.1	— 4.3	1.0	— 3.4	8.8
NONDURABLE GOODS	2.8	10.1	2.5	27.2	3.2	8.8	— 0.4	21.5
Food & beverages	3.0	1.7	— 8.2	13.0	1.2	— 1.1	—11.2	5.0
Textiles	0.9	19.1	—15.2	20.6	— 2.8	20.3	—17.3	13.2
Paper & allied products	8.9	1.8	— 5.6	17.3	5.7	— 0.3	— 5.7	9.5
Chemicals & allied products	2.9	8.8	— 4.5	10.5	0.5	4.7	— 5.1	2.2
Petroleum & coal products	— 0.3	17.0	11.0	44.3	2.0	18.3	6.1	42.0
Rubber products	— 8.9	— 1.0	7.4	— 1.8	—10.0	— 2.6	5.1	— 8.3
Other nondurable goods†	26.1	— 5.3	— 0.2	25.2	41.9	— 9.4	— 1.3	21.1

See General Notes on page 7.

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Quarterly Data in Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	I-80	II-80	III-80	IV-80	I-80	II-80	III-80	IV-80
ALL MANUFACTURING								
Opening backlog	76,662	84,086	87,940	89,721	74,720	78,892	81,051	82,081
Newly approved	29,503	25,865	24,286	25,892	16,726	14,542	13,500	14,111
Canceled	783	712	133	231	439	401	77	124
Capital expenditure	21,296	21,299	22,372	23,534	12,115	11,982	12,392	12,834
Closing backlog	84,086	87,940	89,721	91,848	78,892	81,051	82,081	83,234
DURABLE GOODS								
Opening backlog	39,000	42,524	41,814	41,095	37,564	39,578	39,173	38,779
Newly approved	14,420	9,548	9,306	11,097	8,295	5,351	5,119	6,112
Canceled	580	241	71	—14	326	133	40	—7
Capital expenditure	10,316	10,017	9,954	10,809	5,955	5,623	5,474	5,946
Closing backlog	42,524	41,814	41,095	41,397	39,578	39,173	38,779	38,953
Primary iron & steel								
Opening backlog	4,452	4,378	3,858	3,786	5,729	5,685	5,386	5,346
Newly approved	974	423	735	829	577	243	409	467
Canceled	17	4	—31	—12	10	2	—17	—7
Capital expenditure	1,031	939	838	681	611	540	466	383
Closing backlog	4,378	3,858	3,786	3,946	5,685	5,386	5,346	5,436
Primary nonferrous metals								
Opening backlog	2,934	3,629	3,951	3,950	3,298	3,694	3,873	3,873
Newly approved	1,223	971	769	489	697	541	419	266
Canceled	44	119	40	—31	25	66	22	—17
Capital expenditure	484	530	730	862	276	296	397	469
Closing backlog	3,629	3,951	3,950	3,608	3,694	3,873	3,873	3,687
Electrical machinery & equipment								
Opening backlog	3,641	4,026	4,263	4,235	3,944	4,165	4,298	4,283
Newly approved	1,823	1,815	1,473	1,513	1,046	1,022	806	825
Canceled	32	6	25	—74	18	3	14	—40
Capital expenditure	1,406	1,572	1,476	1,747	807	886	808	953
Closing backlog	4,026	4,263	4,235	4,075	4,165	4,298	4,283	4,196
Nonelectrical machinery								
Opening backlog	6,979	7,802	7,346	7,042	6,146	6,627	6,372	6,204
Newly approved	3,335	1,928	1,731	2,483	1,945	1,075	957	1,394
Canceled	157	34	—188	80	92	19	—104	45
Capital expenditure	2,355	2,350	2,223	2,796	1,374	1,310	1,229	1,570
Closing backlog	7,802	7,346	7,042	6,649	6,627	6,372	6,204	5,983
Motor vehicles & equipment								
Opening backlog	10,113	10,979	11,011	10,780	8,154	8,647	8,665	8,539
Newly approved	2,309	1,337	1,350	2,046	1,315	753	739	1,128
Canceled	—20	—10	222	—10	—11	—6	121	—6
Capital expenditure	1,463	1,315	1,359	1,397	833	741	744	770
Closing backlog	10,979	11,011	10,780	11,439	8,647	8,665	8,539	8,902
Other transportation equipment								
Opening backlog	3,062	3,503	3,316	3,248	2,559	2,812	2,711	2,676
Newly approved	1,558	857	865	686	894	461	452	361
Canceled	52	70	—43	42	30	38	—22	22
Capital expenditure	1,065	974	976	1,012	611	524	510	533
Closing backlog	3,503	3,316	3,248	2,880	2,812	2,711	2,676	2,482
Stone, clay & glass								
Opening backlog	2,347	2,557	2,308	2,077	2,403	2,528	2,383	2,250
Newly approved	844	366	394	397	502	213	227	212
Canceled	1	7	64	17	1	4	37	9
Capital expenditure	633	608	561	504	376	354	323	269
Closing backlog	2,557	2,308	2,077	1,953	2,528	2,383	2,250	2,184
Fabricated metals								
Opening backlog	1,607	1,489	1,462	1,508	1,627	1,558	1,543	1,568
Newly approved	324	310	437	541	189	174	238	294
Canceled	—12	—53	4	—24	—7	—30	2	—13
Capital expenditure	454	390	387	357	264	219	211	194
Closing backlog	1,489	1,462	1,508	1,716	1,558	1,543	1,568	1,681

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES (continued)

	Current Dollars				Constant (1972) Dollars			
	I-80	II-80	III-80	IV-80	I-80	II-80	III-80	IV-80
Instruments & photo equipment								
Opening backlog	1,468	1,434	1,408	1,773	1,398	1,378	1,363	1,570
Newly approved	683	705	1,048	701	400	397	595	394
Canceled	24	66	—26	9	14	37	—15	5
Capital expenditure	693	665	709	776	406	375	403	436
Closing backlog	1,434	1,408	1,773	1,689	1,378	1,363	1,570	1,523
Other durable goods†								
Opening backlog	2,397	2,727	2,891	2,696	2,306	2,485	2,577	2,470
Newly approved	1,347	836	504	1,412	730	471	278	772
Canceled	285	—2	4	—11	155	—1	2	—6
Capital expenditure	732	674	695	677	397	380	383	370
Closing backlog	2,727	2,891	2,696	3,442	2,485	2,577	2,470	2,878
NONDURABLE GOODS								
Opening backlog	37,662	41,562	46,126	48,626	37,156	39,314	41,877	43,302
Newly approved	15,083	16,317	14,980	14,795	8,431	9,191	8,381	8,000
Canceled	203	471	62	245	113	267	38	132
Capital expenditure	10,980	11,282	12,418	12,725	6,161	6,359	6,919	6,889
Closing backlog	41,562	46,126	48,626	50,451	39,314	41,877	43,302	44,281
Food & beverages								
Opening backlog	5,069	5,025	5,213	4,997	4,639	4,613	4,720	4,601
Newly approved	1,590	2,105	1,327	1,751	919	1,195	732	934
Canceled	129	367	—34	223	75	208	—19	119
Capital expenditure	1,505	1,550	1,577	1,448	870	880	870	773
Closing backlog	5,025	5,213	4,997	5,077	4,613	4,720	4,601	4,643
Textiles								
Opening backlog	720	751	702	670	785	803	776	758
Newly approved	249	163	233	399	145	92	132	221
Canceled	5	—3	9	19	3	—2	5	11
Capital expenditure	213	215	256	217	124	121	145	120
Closing backlog	751	702	670	833	803	776	758	848
Paper & allied products								
Opening backlog	4,166	4,905	4,624	4,724	3,947	4,380	4,220	4,276
Newly approved	1,590	774	832	530	932	440	464	295
Canceled	—36	89	—251	16	—21	51	—140	9
Capital expenditure	887	966	983	928	520	550	548	517
Closing backlog	4,905	4,624	4,724	4,310	4,380	4,220	4,276	4,045
Chemicals & allied products								
Opening backlog	8,450	8,939	9,377	9,194	8,773	9,053	9,298	9,199
Newly approved	3,103	3,142	2,774	3,254	1,776	1,756	1,494	1,741
Canceled	8	22	40	—59	5	12	22	—32
Capital expenditure	2,606	2,682	2,917	2,786	1,491	1,499	1,571	1,491
Closing backlog	8,939	9,377	9,194	9,721	9,053	9,298	9,199	9,481
Petroleum and coal products								
Opening backlog	16,009	17,977	22,114	24,819	15,934	17,015	19,339	20,875
Newly approved	7,078	9,133	8,861	8,357	3,886	5,132	5,031	4,532
Canceled	88	—10	297	43	48	—6	169	23
Capital expenditure	5,022	5,006	5,859	6,506	2,757	2,813	3,326	3,529
Closing backlog	17,977	22,114	24,819	26,627	17,015	19,339	20,875	21,856
Rubber products								
Opening backlog	944	1,011	1,007	991	1,058	1,097	1,095	1,086
Newly approved	286	213	216	113	168	124	123	63
Canceled	—6	12	29	—2	—4	7	17	—1
Capital expenditure	225	205	203	218	132	119	116	122
Closing backlog	1,011	1,007	991	888	1,097	1,095	1,086	1,028
Other nondurable goods†								
Opening backlog	2,304	2,954	3,089	3,231	2,020	2,352	2,430	2,508
Newly approved	1,187	787	737	391	606	452	405	213
Canceled	15	—6	—28	5	8	—3	—15	3
Capital expenditure	522	658	623	622	267	378	343	338
Closing backlog	2,954	3,089	3,231	2,995	2,352	2,430	2,508	2,380

See General Notes on page 7.

TABLE 3. PROPORTION OF APPROPRIATIONS FOR PLANT

Percent

	78-IV	79-I	79-II	79-III	79-IV	80-I	80-II	80-III	80-IV
ALL MANUFACTURING	24	21	24	21	21	23	21	23	18
DURABLE GOODS	25	20	24	19	17	19	22	23	15
Primary iron and steel	15	13	9	13	15	8	12	18	7
Primary nonferrous metals	26	25	22	22	24	25	24	26	20
Electrical machinery & equipment	24	18	19	20	16	22	20	24	19
Nonelectrical machinery	23	20	29	19	8	15	24	20	8
Motor vehicles & equipment	13	30	17	21	10	25	20	24	15
Other transportation equipment	17	27	44	20	34	22	38	41	32
Stone, clay & glass	32	14	12	10	12	7	7	5	27
Fabricated metals	12	11	14	13	18	16	21	25	20
Instruments & photo equipment	52	11	10	23	24	13	20	10	8
Other durable goods	77	62	64	21	19	45	20	21	18
NONDURABLE GOODS	22	24	24	23	25	28	18	22	23
Food & beverages	18	25	26	26	29	19	17	21	27
Textiles	16	16	25	26	17	15	21	10	13
Paper & allied products	19	12	15	12	12	13	16	17	11
Chemicals & allied products	29	24	34	28	26	23	23	30	26
Rubber products	15	13	11	18	10	12	8	8	10
Other nondurable goods	17	39	19	20	39	68	12	22	20

Based on data from those companies that report appropriations for plant and equipment separately. The composition of this group varies slightly from quarter to quarter. Petroleum industry is excluded. Historical data from 1959 available on request.

See also General Notes on page 7.

TABLE 4. PERCENT CHANGE IN CAPITAL APPROPRIATIONS AND EXPENDITURES: 1979 AND 1980 ACTUAL, 1981 EXPECTED*

	Appropriations			Expenditures		
	1979	1980	1981	1979	1980	1981
All Manufacturing	32	18	6	25	21	17
All Manufacturing except Petroleum	33	5	7	28	18	13
Durable goods	31	3	0	33	17	7
Nondurable goods	33	33	11	19	26	26
Petroleum	29	66	5	16	34	28
Other	36	8	19	20	19	24

*Based on survey respondents' own expectations.

See also General Notes on page 7.

TABLE 5. CAPITAL APPROPRIATIONS AND EXPENDITURES, ANNUAL TOTALS
In Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	1977	1978	1979	1980	1977	1978	1979	1980
				—APPROPRIATIONS—				
ALL MANUFACTURING	63,420	67,156	88,519	104,659	43,659	43,149	52,503	
ALL MFG. EX. PETROLEUM	45,893	52,014	68,993	72,147	31,819	33,549	41,325	
DURABLE GOODS	26,644	33,089	43,339	44,458	18,512	21,316	26,035	
Primary iron & steel	2,516	3,083	3,559	2,894	1,741	1,993	2,166	
Primary nonferrous metals	1,979	1,381	1,941	3,465	1,356	883	1,161	
Electrical machinery & equipment	3,189	4,421	5,859	6,636	2,209	2,849	3,528	
Nonelectrical machinery	5,105	6,306	10,236	9,348	3,558	4,091	6,170	
Motor vehicles & equipment	5,268	6,981	8,129	7,099	3,684	4,542	4,887	
Other transportation equipment	1,864	2,911	3,817	4,226	1,294	1,860	2,250	
Stone, clay & glass	1,943	2,311	2,367	2,036	1,354	1,497	1,442	
Fabricated metals	1,104	1,625	1,846	1,572	768	1,055	1,120	
Instruments & photo equipment	1,448	2,162	2,925	3,067	1,000	1,350	1,760	
Other durable goods†	2,228	1,908	2,660	4,115	1,548	1,195	1,551	
NONDURABLE GOODS	36,776	34,067	45,180	60,201	25,146	21,833	26,468	
Food & beverages	4,966	4,898	6,640	6,691	3,438	3,167	3,940	
Textiles	838	853	960	1,001	582	554	574	
Paper & allied products	2,648	2,795	3,979	3,627	1,829	1,798	2,429	
Chemicals & allied products	7,854	7,759	10,725	12,293	5,417	5,017	6,352	
Petroleum & coal products	17,527	15,142	19,526	32,512	11,839	9,600	11,178	
Rubber products	862	1,035	1,057	868	600	677	643	
Other nondurable goods†	2,081	1,585	2,293	3,209	1,441	1,021	1,352	
				—EXPENDITURES—				
ALL MANUFACTURING	52,498	58,356	73,126	88,797	36,158	37,439	43,318	
ALL MFG. EX. PETROLEUM	33,148	43,861	56,250	66,172	26,444	28,263	33,646	
DURABLE GOODS	22,120	26,414	35,230	41,129	15,363	16,999	21,130	
Primary iron & steel	3,048	2,671	3,243	3,406	2,113	1,730	1,966	
Primary nonferrous metals	1,416	1,433	1,685	2,655	978	914	1,004	
Electrical machinery & equipment	3,064	3,668	4,918	6,290	2,117	2,359	2,957	
Nonelectrical machinery	4,747	5,445	8,400	9,763	3,312	3,533	5,048	
Motor vehicles & equipment	3,321	4,508	5,335	5,523	2,310	2,942	3,206	
Other transportation equipment	1,361	2,051	2,908	4,020	947	1,312	1,712	
Stone, clay & glass	1,275	1,944	2,407	2,285	888	1,258	1,465	
Fabricated metals	935	1,237	1,614	1,569	651	804	979	
Instruments & photo equipment	1,213	1,517	2,389	2,853	837	945	1,441	
Other durable goods†	1,740	1,940	2,331	2,765	1,210	1,202	1,351	
NONDURABLE GOODS	30,378	31,942	37,896	47,668	20,795	20,440	22,188	
Food & beverages	3,882	4,217	5,037	6,072	2,685	2,727	2,989	
Textiles	775	837	763	899	538	542	457	
Paper & allied products	1,825	2,140	3,018	3,771	1,271	1,376	1,833	
Chemicals & allied products	7,545	7,797	9,309	11,014	5,198	5,031	5,511	
Petroleum & coal products	14,350	14,495	16,876	22,625	9,714	9,176	9,673	
Rubber products	752	909	963	846	522	595	586	
Other nondurable goods†	1,249	1,547	1,930	2,441	865	993	1,140	

1980 constant-dollar data will be published later in 1981.

Each annual figure is the sum of not-seasonally-adjusted quarterly figures, and may not equal the sum of seasonally adjusted quarterly figures.

GENERAL NOTES

Data for 1980-III are revised; data for 1980-IV are preliminary. 1980 totals are preliminary.

All estimates are based on a survey and are for the survey population, which is composed of the 1,000 largest manufacturing companies as ranked by total assets. These companies accounted for 77% of all manufacturing corporations' assets in 1973.

Historical data from 1953 available on request from the Business Conditions Analysis Department: (1) quarterly series seasonally adjusted; (2) quarterly series not seasonally adjusted; (3) annual series.

†Other durables includes lumber, furniture and fixtures, and miscellaneous manufactures; other nondurables includes tobacco, apparel, printing and publishing, and leather.

The Conference Board
Quarterly Survey of Capital Investment
and Supply Conditions in Manufacturing

January 1981

Excess capacity increased among the thousand largest manufacturers in January. Responses to the latest Quarterly Survey of Capital Investment and Supply Conditions also showed manufacturers slanting their capital spending programs less toward expansion than they had done in October, and more toward maintaining capacity at current levels. There were few shortages or production bottlenecks.

Reports of "more than adequate" capital facilities increased overall to 35% of respondents (weighted by assets), from 31% in October (Table 1). This was not as high as in late 1975 and early 1976 (38%-42%), but, at the same time, there were fewer "inadequate" facilities than in 1975-76 (11% this year vs. 15%-19% then). In the fall of 1975, the industries in which more than 75% of firms had excess capacity were steel, nonferrous metals, stone-clay-glass, and paper. This January, they were steel and motor vehicles. The January rise in nondurables' excess capacity was attributable to the asset-heavy petroleum industry. Among the firms reporting excess capacity, half (weighted by assets) were underutilized by more than 20% in January, up from one-third in October. (In motor vehicles, the figure was virtually 100% in January.) This means that 17% of all respondents to the survey had at least 20% of their capacity unused this January, compared with 14% of all respondents in January 1976, when "more than adequate" facilities were most widely reported.

The expectation that capacity expansion would result from current spending plans dropped to 71% of respondents in January, the lowest figure since July 1978 (Table 2). (This "expansion" percentage has ranged between 93% in January 1966 and 69% in October 1975.) The October-January decline, all in durables, occurred in five industries, most significantly in motor vehicles and nonferrous metals. Only 22% of motor vehicle and steel companies reported expansion programs.

Raw materials shortages were mostly in petroleum and textiles (Table 3). Products on allocation in January by manufacturers were the fewest in three years, although allocations of two products increased since October: caustic soda, and pipe for oil and gas wells and transmission. Paper products have partially caught up with demand after more than three years of widespread order backlogs.

Use of external funds to finance capital spending in first half 1981 was revised downward by all nondurables industries except paper (Table 4). But anticipated second-half financing still leans more heavily on external sources (18%) than the average from 1965 to 1980 (14%).

M. Nichols

TABLE 1. ADEQUACY OF CAPITAL FACILITIES

Percent Distribution of Responding Companies Weighted by Assets

	Oct. 1978	Jan. 1979	Apr. 1979	July 1979	Oct. 1979	Jan. 1980	Apr. 1980	July 1980	Oct. 1980	Jan. 1981
					Inadequate					
All Manufacturing	18.4	19.2	21.3	20.4	16.1	14.2	13.7	12.4	12.4	10.5
Durable goods	30.4	30.7	29.8	25.0	17.0	16.4	17.9	15.9	16.7	13.9
Nondurable goods	6.7	8.3	13.4	15.6	15.0	12.1	9.7	9.0	8.6	7.2
					Sufficient					
All Manufacturing	64.3	67.6	65.9	68.4	64.0	69.1	64.6	56.3	57.0	55.0
Durable goods	56.6	61.8	64.0	63.4	59.8	60.8	53.8	46.2	44.0	45.4
Nondurable goods	71.8	73.1	67.7	73.7	68.9	77.0	74.9	66.3	68.4	64.4
					More Than Adequate					
All Manufacturing	17.2	13.2	12.8	11.1	19.9	16.7	21.7	31.2	30.6	34.5
Durable goods	12.9	7.5	6.2	11.5	23.2	22.8	28.3	37.8	39.3	40.7
Nondurable goods	21.4	18.6	18.9	10.7	16.1	10.9	15.4	24.7	22.9	28.4

TABLE 2. CHANGE IN CAPITAL FACILITIES EXPECTED FROM CURRENT SPENDING PROGRAMS

Percent Distribution of Responding Companies Weighted by Assets

	Oct. 1978	Jan. 1979	Apr. 1979	July 1979	Oct. 1979	Jan. 1980	Apr. 1980	July 1980	Oct. 1980	Jan. 1981
Expansion										
All Manufacturing	72.8	78.0	76.2	79.2	78.4	75.7	75.6	77.3	77.4	71.4
Durable goods	76.3	78.9	79.1	78.1	77.4	75.9	76.0	73.3	74.0	60.8
Nondurable goods	69.3	77.1	73.2	80.3	79.5	75.6	75.3	81.3	80.4	81.9
No Change										
All Manufacturing	26.7	21.3	21.4	16.9	21.3	21.5	23.2	21.6	22.0	28.2
Durable goods	23.6	21.1	16.6	14.4	22.4	19.8	23.6	25.0	25.9	38.9
Nondurable goods	29.7	21.5	26.5	19.4	19.9	23.2	22.9	18.3	18.6	17.5
Reduction										
All Manufacturing	0.5	0.7	2.3	3.9	0.3	2.7	1.2	1.1	0.5	0.4
Durable goods	0.0	0.1	4.3	7.5	0.2	4.3	0.4	1.7	0.1	0.3
Nondurable goods	0.9	1.4	0.3	0.3	0.6	1.2	1.9	0.4	0.9	0.5

TABLE 3. EXTERNAL SUPPLY SHORTAGES

Percent of Companies (weighted by assets) Reporting Lowered Production Because of Shortages

	Oct. 1978	Jan. 1979	Apr. 1979	July 1979	Oct. 1979	Jan. 1980	Apr. 1980	July 1980	Oct. 1980	Jan. 1981
Raw Materials										
All Manufacturing	0.5	3.1	11.1	11.1	7.0	9.7	4.5	3.7	2.3	2.6
Durable goods	0.3	0.2	0.7	1.4	0.4	0.9	0.2	0.6	0.3	0.7
Nondurable goods	0.7	5.9	20.9	21.2	14.8	18.3	8.7	6.7	4.0	4.6
Processed Goods										
All Manufacturing	0.6	0.5	0.2	0.3	1.4	1.3	1.5	0.2	0.5	0.1
Durable goods	0.0	1.1	0.4	0.6	2.4	1.7	2.9	0.3	1.0	0.2
Nondurable goods	1.1	0.0	0.0	0.0	0.2	1.0	0.1	0.0	0.0	0.0
Both										
All Manufacturing	0.2	0.7	2.8	5.4	3.1	3.0	4.2	1.5	1.6	1.2
Durable goods	0.3	0.2	0.2	0.4	0.1	1.8	1.2	1.8	2.0	1.2
Nondurable goods	0.2	1.2	5.2	10.8	6.6	4.2	7.1	1.2	1.2	1.1

TABLE 4. ANTICIPATED SOURCES OF FUNDS FOR CAPITAL EXPENDITURES

Percent Distribution of Responding Companies Weighted by Assets

	1977		1978		1979		1980		1981	
	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half (r)	Second Half (p)
From Internal Sources										
All Manufacturing	88.5	88.5	85.0	88.7	89.2	88.6	83.7	83.2	84.2	81.8
Durable goods	88.1	89.1	89.8	91.1	89.7	87.9	77.8	83.7	82.2	80.8
Nondurable goods	89.0	87.9	79.1	86.0	88.6	89.5	89.2	82.8	86.2	82.9
From External Sources										
All Manufacturing	11.5	11.5	15.0	11.3	10.8	11.4	16.3	16.8	15.8	18.2
Durable goods	11.9	10.9	10.2	8.9	10.3	12.1	22.2	16.3	17.8	19.2
Nondurable goods	11.0	12.1	20.9	14.0	11.4	10.5	10.8	17.2	13.8	17.1

TABLE 5. AVAILABILITY OF EXTERNAL CAPITAL FUNDS COMPARED WITH THREE MONTHS EARLIER

Percent Distribution of Responding Companies

	Oct. 1978	Jan. 1979	Apr. 1979	July 1979	Oct. 1979	Jan. 1980	Apr. 1980	July 1980	Oct. 1980	Jan. 1981
Easier										
All Manufacturing	4.3	3.1	4.1	4.4	2.2	4.5	1.3	26.9	6.8	5.4
Durable goods	4.7	3.5	5.2	5.5	2.1	3.0	1.0	26.6	7.4	6.3
Nondurable goods	3.8	2.7	2.8	3.3	2.2	6.0	1.6	27.1	6.0	4.4
Same										
All Manufacturing	82.2	83.5	89.2	89.6	74.2	84.0	67.3	68.9	83.5	86.5
Durable goods	82.9	82.2	88.0	88.5	75.0	85.3	68.2	69.7	81.9	84.7
Nondurable goods	81.3	84.9	90.4	90.8	73.4	82.6	66.3	68.1	85.2	88.3
Tighter										
All Manufacturing	13.5	13.4	6.8	6.0	23.7	11.5	31.4	4.3	9.7	8.1
Durable goods	12.3	14.4	6.8	6.0	22.9	11.7	30.8	3.7	10.6	8.9
Nondurable goods	14.8	12.4	6.7	6.0	24.5	11.4	32.1	4.8	8.8	7.2

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, call Linette Stein at (212) 759-0900.